

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1665 – HB 1749

February 17, 2016

SUMMARY OF BILL: Exempts retired federal, state, and local law enforcement officers who retired in good standing from the \$500 application and processing fee required for a lifetime handgun carry permit.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Exceeds \$4,600/Handgun Permit Division

Forgone State Revenue – Exceeds \$5,800/Handgun Permit Division

Assumptions:

- The minimum length of service to retire in good standing is estimated to be 25 years.
- An average of 100 officers across the state will retire annually.
- Forty percent of retired officers (or 40) will be commissioned as retired police officers, thus not requiring a handgun carry permit to carry a handgun.
- The number of retired officers not commissioned is estimated to be 60 (100 – 40) per year.
- Of the remaining 60, it is assumed that 50 percent (or 30) will not choose to purchase a handgun carry permit after retirement under current law.
- The remaining 30 retired officers are assumed to obtain a handgun permit under current law.
- Tenn. Code Ann. § 8-36-205(a)(1) states that the mandatory retirement age for police officers for the purpose of the Tennessee Consolidated Retirement System is age 60; as a result, the average age for the retired officers affected by the provisions of this bill is reasonably estimated to be 57.
- Retired officers (with an estimated average age of 57) would be unlikely to purchase a lifetime carry permit at \$500 under current law because, when taking average life expectancies into account, and when taking into account the initial \$115 price for a regular handgun carry permit along with \$50 renewals that occur only every fifth year, the decision would not be a cost-effective decision. As a result, few retired officers would be expected to get the lifetime permit under current law.
- However, with passage of this bill, a retired officer could obtain the lifetime permit for free, effectively eliminating the need for a retired officer to purchase the regular handgun carry permit at \$115. Given an estimated 30 retired officers per year will want a handgun carry permit under current law, it is assumed there would be a recurring decrease in handgun carry permit revenue estimated to be \$3,450 (\$115 x 30).

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- Many other retired officers who currently have a renewable handgun carry permit would elect to get the free lifetime permit in lieu of renewing their regular handgun carry permits. The number of such retired officers is unknown, but the recurring decrease in state revenue is reasonably estimated to exceed \$1,000 per year (which equates to a minimum of 20 retired officers).
- The total recurring decrease in handgun carry permit and renewal fee revenue is reasonably estimated to exceed \$4,450 (\$3,450 + \$1,000).
- In addition, and given the opportunity to obtain a lifetime handgun carry permit for free under the provisions of this bill, it is assumed that some of the retired officers who would have elected not to obtain a handgun carry permit under current law, as well as other officers who are currently retired that do not have a handgun carry permit, would elect to get the free lifetime permit under the provisions of this bill. As a result, it is assumed that a minimum of 50 additional retired officers would elect to obtain a free handgun carry permit each year pursuant to the provisions of this bill. The forgone state revenue associated with this cohort of retired officers is reasonably estimated to exceed \$5,750 (50 x \$115).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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